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# CHARTER

Charter Consolidated Limited  
annual report and accounts 31 march

1971

## OFFICES

### United Kingdom

40 Holborn Viaduct, London EC1P 1AJ (City) (UK)  
7 Rolls Buildings, Fetter Lane, London EC4A 3DF (UK)  
Kent House, Station Road, Ashford, Kent

### South Africa

44 Main Street, Johannesburg

### Canada

P.O. Box 28, Toronto Dominion Bank Tower  
Toronto-Dominion Centre, Toronto, ON

### Rhodesia

70 Jameson Avenue Central, Salisbury, OZ

### Australia

13th Floor, 60 Market Street, Melbourne

### France

9 rue de Vienne, Paris 8<sup>e</sup>

## REGISTRARS

### United Kingdom

Charter Consolidated Services Limited  
Kent House, Station Road, Ashford, Kent

### South Africa

Consolidated Share Registrars Limited  
62 Marshall Street, Johannesburg

### Rhodesia

Anglo-African Corporation of South Africa  
70 Jameson Avenue Central, Salisbury, OZ

Charter Consolidated Limited  
annual report and accounts  
31 march 1971

Notice of annual general meeting	2
Directorate and administration	3
Report of the directors	5
Principal investments of the group	8
Group subsidiary companies	10
Review of interests	11
Six year financial record	16
Report of the auditors to the members	17
Consolidated profit and loss account	18
Consolidated balance sheet	19
Balance sheet	20
Analysis of assets and investment income	21
Notes on the accounts	22

# Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the sixth annual general meeting of members of Charter Consolidated Limited will be held at Winchester House, 100 Old Broad Street, London EC2N 1BE, on Tuesday 13 July 1971 at 12 noon for the purpose of considering and, if thought fit, passing the following ordinary resolutions:—

1. 'That the consolidated profit and loss account for the year ended 31 March 1971 and the balance sheet of the company and the consolidated balance sheet at that date, together with the annexed report of the directors, be and are hereby approved and adopted'
2. 'That the final dividend of 5½p per share for the year ended 31 March 1971 recommended by the board of directors be and is hereby approved for payment to shareholders registered at the close of business on 11 June 1971 and to persons presenting coupon no. 12 detached from share warrants to bearer'
3. 'That the following be and are hereby reappointed directors of the company:  
The Hon. H. V. Smith  
Mr T. P. Stratten  
Sir Keith Acutt  
Mr A. Chester Beatty  
Comte T. de Feuilhade de Chauvin'  
These appointments will be dealt with in one resolution unless any member present or represented at the meeting requires otherwise.
4. 'That the remuneration of the joint auditors for the period until the next annual general meeting be fixed by the board of directors'

The transfer books and registers of members in the United Kingdom, the Republic of South Africa, and Rhodesia will be closed from 10 to 13 July 1971, both days inclusive.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy accompanies this notice.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the company must comply with the relevant conditions governing share warrants to bearer (*see inside back cover*).

BY ORDER OF THE BOARD  
D. S. BOOTH  
*joint secretary*

40 Holborn Viaduct, London EC1P 1AJ  
17 June 1971

#### NOTES:

1. Holders of loan stock are reminded that only shareholders are entitled to attend and vote at the meeting.
2. To be valid the form of proxy must reach the company at Kent House, Station Road, Ashford, Kent, not less than 48 hours before the meeting.
3. The following are available for inspection at the registered office of the company during usual business hours until the date of the meeting and may be inspected at the place of the meeting for at least 15 minutes prior to and during the meeting:
  - (a) The register of directors' interests kept in accordance with the Companies Act 1967;
  - (b) A copy of a contract of service between a director of the company and a subsidiary company.

# ● Directorate and administration

## **Chairman and managing director**

S. Spiro, MC\*

## **Deputy chairman**

Sir Philip Oppenheimer\*

## **Directors**

Sir Keith Acutt, KBE  
Comte T. de Feuilhade de Chauvin  
A. Chester Beatty  
J. E. H. Collins, MBE, DSC  
R. H. Dent  
H. R. Fraser  
J. O. Hambro, MC  
N. K. Kinkead-Weekes\*  
J. B. Mudd, MBE, MC  
H. F. Oppenheimer  
B. W. Pain\*  
J. G. Richardson\*  
E. R. A. de Rothschild  
The Hon. H. V. Smith  
L. G. Stopford Sackville\*  
T. P. Stratten  
W. D. Wilson

*\*members of executive committee*

## **Joint secretaries**

D. S. Booth  
J. R. Byles

## **Auditors**

Cooper Brothers & Co.  
Deloitte & Co.

## **Alternate directors**

R. J. Armitage  
P. C. D. Burnell  
M. W. B. Heald  
R. H. MacWilliam  
A. E. Oppenheimer  
A. W. Owston  
R. V. Pritchard

## **Managers**

R. J. Armitage  
P. C. D. Burnell  
M. W. B. Heald  
A. W. Owston  
R. V. Pritchard

## **Bankers**

Barclays Bank D.C.O.  
Hambros Bank Limited  
National Westminster Bank Limited

## **Solicitors**

Coward, Chance & Co.  
Linklaters & Paines

His Excellency President Moktar Ould Daddah, of the Islamic Republic of Mauritania, during a visit to the SOMMA mine



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# ● Report of the directors

The directors have pleasure in submitting their sixth annual report, together with the audited accounts for the year ended 31 March 1971.

## Consolidated profit and loss account

	£000s	
The consolidated profit before taxation for the year ended 31 March 1971 was		18,166
Taxation amounted to	2,139	
Interest of outside shareholders in subsidiaries was	556	2,695
Leaving a consolidated profit attributable to the company of		15,471
Out of which there has been appropriated:		
Interim dividend of 2½p per share paid on 18 December 1970	2,619	
Recommended final dividend of 5½p per share payable on or about 14 July 1971	5,762	
Transfer to investment and exploration reserve	2,000	10,381
Leaving an unappropriated profit for the year of		5,090

## Dividends

The board recommends to members declaration of a final dividend of 5½p per share (1970: 5p) which together with the interim dividend of 2½p per share (1970: 2½p) paid on 18 December 1970 will cost the company £8,381,000 (1970: £7,422,000).

## Reserves

Movements on reserves during the year are shown on page 27 in note 15 on the accounts.

## Fixed assets

The book value of the group's fixed assets increased from

£19,578,000 to £21,556,000 during the year. Details are shown on page 24 in note 9 on the accounts.

The figure of £21,556,000 includes a sum of £221,000, in respect of a freehold site acquired in Ashford, Kent. Planning permission has been obtained for the erection on this site of a substantial office block to accommodate the majority of the company's staff, which is at present divided between two offices in London and a smaller one in Ashford. The decision whether to proceed with the building will be made later in the year.

## Share and loan capital

The authorized share capital remains unchanged.

As mentioned in the half-yearly report issued on 17 November 1970, the company increased its issued share capital from £24,738,239 to £26,194,403 in 104,766,576 fully paid shares and 275,900 partly paid shares of 25p each. Since then no further share capital has been issued.

Of the 5,813,621 fully paid shares issued during the year, 42,645 were allotted against conversion of £170,579 of the company's 5 per cent unsecured loan stock 1984 (leaving a balance of loan stock outstanding of £2,462,972) and 5,770,976 were allotted to the Anglo American Corporation group in exchange for 1,117,968 shares in Selection Trust Limited and a group of United Kingdom investment companies with a portfolio of quoted investments, which were together valued at £16,529,000.

The partly paid shares were issued to senior employees, at prices based on market values, under the share incentive scheme approved by members and loan stockholders last July. The issue price was 286.25p per share for 273,400 shares and 298.125p per share for 2,500 shares, of which 2 per cent was paid up on application.

## Directors

A list of the current directors of the company who held office during the year is on page 3 and constitutes part of this report.

The Hon H. V. Smith, having passed normal retirement age, relinquished the position of chairman of the company on 1 January 1971 but remains on the board. Mr S. Spiro, MC, formerly deputy chairman, became chairman

on that date and continues as managing director. Sir Philip Oppenheimer was appointed deputy chairman in place of Mr Spiro.

The board learnt with deep regret of the death on 2 March 1971 of Mr C. W. Engelhard, who had been a director of the company since 1965.

In accordance with the provisions of article 99(1) of the articles of association, The Hon. H. V. Smith, Mr T. P. Stratten, Sir Keith Acutt, Mr A. Chester Beatty, and Comte T. de Feuilhade de Chauvin retire by rotation at the forthcoming annual general meeting and offer themselves for reappointment.

#### **Principal activities and interests**

The company's principal activities are finance and investment, particularly in mining and mineral exploration, but also in a number of industrial companies. Details are given in the review of interests on pages 11 to 15.

An analysis of assets and investment income (geographical and by investment category) is on page 21, and lists of principal investments and subsidiary companies are on pages 8 to 10.

#### **Other information**

The information on directors' interests, turnover, exports, and the number and remuneration of employees shown on page 28 constitutes part of this report.

Contributions for charitable purposes made by the company and its subsidiaries during the year totalled £27,104. No contributions were made for political purposes.

#### **Auditors**

Cooper Brothers & Co. and Deloitte & Co. (formerly Deloitte, Plender, Griffiths & Co.) are willing to be reappointed as auditors to the company.

BY ORDER OF THE BOARD  
D. S. BOOTH  
*joint secretary*

40 Holborn Viaduct, London EC1P 1AJ  
1 June 1971

Brake blocks, made by a Cape Asbestos subsidiary, being fitted to rolling stock for London Transport's new Victoria line



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# Principal investments of the group

## 31 march 1971

### INTERESTS OF 10 PER CENT OR MORE

	GROUP INTEREST IN EQUITY CAPITAL (per cent)		GROUP INTEREST IN EQUITY CAPITAL (per cent)
<b>Australia</b>		Platinum Prospecting Company (Pty) Limited <i>platinum mining</i>	20.3
International Pacific Corporation Limited <i>merchant banking</i>	28.3	Pretoria Portland Cement Company Limited <i>cement manufacture</i>	10.5
<b>Bermuda</b>		Rand Mines Limited <i>mining finance</i>	15.9
Zambian Anglo American Limited <i>mining finance</i>	23.5	South African Coal Estates (Witbank) Limited <i>coal mining</i>	10
<b>Canada</b>		Transvaal Consolidated Land and Exploration Company Limited <i>mining finance</i>	20.4
Anglo American Corporation of Canada Limited <i>mining finance</i>	24.7	Union Corporation Limited <i>mining finance</i>	10
Western Decalta Petroleum Limited <i>oil and gas exploration and production</i>	43.6	Witbank Colliery Limited <i>coal mining</i>	18.1
<b>France</b>		<b>Switzerland</b>	
Société Minière d'Anglade <i>scheelite mining</i>	25	Anmersales AG. <i>selling of metals</i>	37
<b>Malaysia</b>		<b>United Kingdom</b>	
Associated Mines (Malaya) Sendirian Berhad <i>mine management</i>	39.2	Anglo American International (U.K.) Limited <i>technical consultancy</i>	48
Bidor Malaya Tin Sendirian Berhad <i>tin mining</i>	39.2	Anglo Charter International Services Limited <i>recruiting and employment services</i>	50
Tronoh Mines Limited <i>incorporated in England</i> <i>tin mining</i>	25.1	The Anglo Chemical & Ore Co. Limited <i>dealing in metals</i>	37
<b>Mauritania</b>		Anmercosa Sales Limited <i>selling of metals</i>	37
Société Minière de Mauritanie <i>copper mining</i>	33.5	Cleveland Potash Limited <i>potash mining</i>	37.5
<b>Portugal</b>		Covenant Industries Limited <i>manufacture of chemicals</i>	37
Beral Tin and Wolfram Limited <i>incorporated in England</i> <i>wolfram mining</i>	44.3	Elevators & Engineering Limited <i>lift manufacture</i>	25
<b>Rhodesia</b>		Ferranti Limited <i>manufacture of electrical and electronic equipment</i>	12.6
Anglo American Corporation Rhodesia Limited <i>industrial finance</i>	33.5	Purle Bros Limited <i>industrial waste disposal specialists</i>	10.1
<b>South Africa</b>		Selection Trust Limited <i>mining finance</i>	32.8
Anglo American Corporation of South Africa Limited <i>mining finance</i>	10	Werff Bros Limited <i>retail fashion trading</i>	40
Blyvooruitzicht Gold Mining Company Limited <i>gold mining</i>	10	<b>United States</b>	
Brakspuit Platinum (Pty) Limited <i>platinum mining</i>	19.3	Anglo American Corporation of the United States Inc. <i>industrial finance</i>	22.5
Euranglo (Pty) Limited <i>investment holding</i>	25	<b>Zambia</b>	
Harmony Gold Mining Company Limited <i>gold mining</i>	10	National Milling Company Limited <i>flour milling</i>	50
The Northern Lime Company Limited <i>lime quarrying</i>	11.8		

**OTHER PRINCIPAL INVESTMENTS**

**Australia**

Broken Hill Proprietary Company Limited  
*iron and steel production*

**France**

Le Nickel  
*mining finance and metallurgy*

**Italy**

Società Nazionale Sviluppo Imprese Industriali  
*finance and investment*

**Malaysia**

Ayer Hitam Tin Dredging Limited *incorporated in England*  
*tin mining*

The Sungei Besi Mines Limited *incorporated in England*  
*tin mining*

**South Africa**

Anglo American Investment Trust Limited  
*diamond mining*

The Argus Printing and Publishing Company Limited  
*printing and publishing*

De Beers Consolidated Mines Limited  
*diamond mining*

Highveld Steel and Vanadium Corporation Limited  
*steel manufacture*

Rand Selection Corporation Limited  
*mining finance*

Virginia-Merriespruit Investments (Pty) Limited  
*gold mining*

Western Deep Levels Limited  
*gold mining*

**United Kingdom**

The Rio Tinto-Zinc Corporation Limited  
*mining finance*

**United States**

Engelhard Hanovia Inc.  
*industrial finance*

**Zambia**

Zambian government loans—housing  
—Kariba hydro-electric scheme

# Group subsidiary companies

The following are the major subsidiaries of the company, including those whose activities materially affected the profit or assets of the Charter group during the year. Except where otherwise stated, each of these companies is wholly owned and all the shares or stock held are either unclassified or classified as ordinary.

## England

Barnato Holdings (U.K.) Limited  
*investment dealing*

The British South Africa Company\*  
*investment holding*

The British South Africa Company Investments Limited\*  
*investment dealing*

Central Mining Finance Limited  
*investment dealing*

The Central Mining & Investment Corporation Limited\*  
*investment holding*

Centramic Properties Limited (51%)  
*property development*

Centramic U.K. Limited  
*industrial holding*

Charter Consolidated Finance Limited  
*banking and finance*

Charter Consolidated Investments Limited\*  
*investment holding*

Charter Consolidated Services Limited\*  
*services*

The Consolidated Mines Selection Company Limited  
*investment dealing*

The Cape Asbestos Company Limited (60.5%)  
(5% cumulative preference shares—100%)  
*mining and industrial holding*

Cape Asbestos Fibres Limited (60.5%)  
*sale and distribution of asbestos fibre*

Cape Insulation Limited (60.5%)  
*asbestos and other insulation products*

Cape Universal Building Products Limited (60.5%)  
*asbestos, cement products, and other building materials*

Kismet Limited (60.5%)  
*transport service equipment*

Small and Parkes Limited (60.5%)  
*automotive and industrial friction materials*

Trist, Draper Limited (60.5%)  
*automotive and industrial friction materials*

Elastic Rail Spike Company Limited  
*railway track fastenings*

Heatrae Limited  
*heating equipment*

Lee Green Precision Industries Limited  
*components for telecommunications*

Rathdown Industries Limited  
*components for television and telecommunications*

## Australia

Charter Consolidated Investments (Australia) Limited  
*investment holding*

Charter Consolidated Prospecting (Australia) Limited  
*prospecting*

## Belgium

Don International (60.5%)  
*automotive and industrial friction materials*

## Bermuda

Greenpoint Company Limited  
*investment holding*

Katrine Company Limited  
*investment holding*

## Canada

Interlink Investments Limited  
*investment holding*

## Curaçao (Netherlands Antilles)

Charter Consolidated Overseas N.V.  
*investment dealing*

## France

Charter France (50.3%)  
*services*

## Luxembourg

Charter European Holdings  
*investment holding*

## Malaysia

Charter Consolidated (Malaysia) Sendirian Berhad  
*investment holding*

## South Africa

Amosa (Pty) Limited (60.5%)  
*amosite asbestos mining*

Cape Asbestos South Africa (Pty) Limited (60.5%)  
*services*

Cape Blue Mines (Pty) Limited (60.5%)  
*blue asbestos mining*

Egnep (Pty) Limited (60.5%)  
*amosite asbestos mining*

Centramic (South Africa) Limited  
*investment dealing*

The Consolidated Mines Selection (Johannesburg) Limited  
*investment holding*

Equinox Investments Limited  
*investment holding*

## Swaziland

Swaziland Collieries Limited (63.4%)  
*coal mining*

\*Shares in these companies are held directly by Charter; the shares in the remaining companies are held through subsidiaries.

# ● Review of interests

## Accounts and finance

The group's consolidated profit after taxation and minority interests amounted to £15,471,000 in the year to 31 March 1971, representing an increase of £2,473,000 or 19 per cent over the previous year when the net profit was £12,998,000. Earnings per share increased to 14.76p on the enlarged capital, compared with 13.13p for the year to 31 March 1970. The figures for the year include Charter's proportion of the profits of The Cape Asbestos Company Limited for the year to 31 December 1970.

The board has recommended a final dividend of 5½p per share which, together with the interim dividend of 2½p paid on 18 December 1970, makes a total of 8p for the year costing £8,381,000, compared with 7½p per share costing £7,422,000 paid in respect of the previous year. An amount of £2,000,000 has been transferred to investment and exploration reserve, and the unappropriated profit of £5,090,000 has been carried forward.

Profits on realization of investments attributable to sharedealing subsidiaries fell from £5,343,000 in the year to 31 March 1970 to £1,104,000 in the year under review. This fall in sharedealing profits was anticipated in the chairman's review last year, and it reflects the dull conditions on stock exchanges in London, Johannesburg, and New York, together with the fact that the major part of our programme for the realization of certain investments was completed in the year ended 31 March 1970.

Investment income for the year rose sharply by £3,667,000 to £14,372,000. This increase was largely attributable to the dividend payments received from Zambian Anglo American Limited, which amounted to £5,007,000 compared with £2,176,000 in the previous year. These dividends must be regarded as exceptional.

During the year, short term loans and deposits increased from £14,583,000 to £28,854,000, and high rates of interest were earned on these balances. Consequently interest received during the year, amounting to £2,036,000, showed an increase of £678,000 over Charter's income from that source in the previous year.

Included within trading profit and sundry revenue totalling £3,881,000 in the year to 31 March 1971 are the pre-tax profits of The Cape Asbestos Company and those of the wholly owned industrial subsidiaries. The results of The Cape Asbestos Company are commented on below. The contribution of the wholly owned industrial subsidiaries to profits amounted to £520,000 during the eleven-month period ended 31 December, 1970

compared with £535,000 in the twelve months to 31 January, 1970.

The value of the net assets shown in the consolidated balance sheet, taking market values of quoted investments and directors' valuation of unquoted investments, is £290,926,000 or 277p per Charter share. This figure compares with a net asset value per Charter share of 333p at 31 March 1970, reflecting a reduction of 56p per share. The fall in asset values is attributable to the drop in the market value of quoted investments which showed a decrease of £61,497,000 to £212,325,000 during the year due to the continued general decline in stock exchange values.

## Changes in investment holdings

Charter's equity interest in Selection Trust Limited has been increased to 32.8 per cent by the acquisition of 1,117,968 shares in that company. These shares were part of a portfolio of quoted investments valued at £16,529,000 which Charter acquired from the Anglo American Corporation group in July 1970 in consideration for the issue of 5,770,976 Charter shares.

Also during July 1970 Charter received 220,550 shares in Zambian Anglo American in exchange for its interests in the Roan Selection Trust group of companies, thus increasing its holding in Zambian Anglo American to 23.5 per cent of the issued share capital.

During the year Charter disposed of its 49 per cent interest in Barlow Myers Limited, a company selling Hyster fork-lift trucks in England and Wales, to the Thos Barlow group which already held the controlling 51 per cent stake.

On 10 November 1970 President Kaunda of Zambia announced that the state would acquire 51 per cent of various companies operating in that country, including the companies of the National Milling group. Discussions have been held with Industrial Development Corporation of Zambia (INDECO), the Zambian government's industrial holding company, and negotiations are continuing for the purchase by INDECO of 51 per cent of Charter's investment in that group.

The Rand Mines Limited scheme of arrangement to effect the merger of that company with Thos Barlow & Sons Limited, under which shareholders would acquire six Thos Barlow shares for each Rand Mines share held, was approved by shareholders on 25 May 1971 and becomes operative on 28 June 1971. In terms of the scheme, Charter will exchange its interest of 539,880

Mr Charles Thorley (left), a master sinker, and Mr Gerald Brown, a trainee sinker, at the Boulby mine of Cleveland Potash where the British and European shaft sinking records were twice broken early in 1971



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shares in Rand Mines for shares in the enlarged Thos Barlow company, to be called Barlow Rand Limited.

### Mining interests

Cleveland Potash Limited, a company jointly owned by the Charter group and its associated companies, and by Imperial Chemical Industries Limited, has continued to make satisfactory progress with the establishment of its major potash mine at Boulby in north Yorkshire. Earlier this year the British and European monthly shaft sinking records were twice broken at the mine, and engineering construction is generally on schedule. Following the recent granting of planning permission by the Secretary of State for the Environment, work has commenced on the construction of the effluent pipe line.

The mine, currently estimated to cost about £40 million, will have an initial output of one million tons of potash products per annum, which will later be increased to one and a half million tons. It is expected to commence production in 1973.

Plant construction at the Société Minière de Mauritanie copper mine at Akjoujt, Mauritania, was substantially completed by mid-1970, but delays were encountered during commissioning. These were essentially due to failure of a number of important items of mechanical equipment and have necessitated a considerable programme of modifications to enable the plant to attain design capacity which will not now be reached until towards the end of this year.

Since early 1971 two out of four reactors have been operative, the third has recently come on line, and the fourth will commence towards the year end. It has been demonstrated that Akjoujt ore is highly amenable to the TORCO process and an excellent grade of copper concentrates is being produced. Commercial shipment to customers began in March 1971.

The estimated capital cost of this project is approximately US\$70 million.

Beralt Tin and Wolfram Limited had a most successful year to 31 December 1970. Net profits of £1,092,307 were more than double those earned in 1969. Dividends totalling 21p per share, compared with 17½p for 1969, cost £556,080, leaving £536,227 of the year's earnings retained to help finance the company's major capital construction programme.

Charter has interests in Tronoh Mines Limited and in its associated companies, Ayer Hitam Tin Dredging

Limited and The Sungei Besi Mines Limited, which operate tin mining areas in Malaysia.

Tronoh's production for the year to 31 December 1970 was 2,734 metric tons of tin concentrates, compared with 2,016 metric tons for 1969. Net profit for the year was £651,875, compared with £474,760, and after providing £110,455 attributable to the 49 per cent holding of Charter and its associates in Bidor Malaya Tin Sendirian Berhad the balance available for appropriation was £541,420. Dividends for the year absorbed £386,842 compared with £322,368 for 1969, an increase of 20 per cent.

Ayer Hitam's profits for the year to 30 June 1970 exceeded the previous year's record by over £1 million but in the current year there has been a substantial fall in production and as a result profits have declined.

Progress on planned operations at Sungei Besi during the financial year to 31 March 1971 has been satisfactory and production better than anticipated due to recoveries from areas locally enriched with lode type material. As a consequence the cash position has improved.

Charter and Anglo American Corporation together have a 40 per cent investment interest in Société Minière d'Anglade, a company formed to exploit a scheelite deposit in the French Pyrenees. Mine construction was completed by the end of 1970 but since that date difficulties have been encountered in the treatment section, and doubts have arisen about the grade and amount of ore reserves compared with the original estimates on which calculation of the economic feasibility of the project was based. The project, of which the total cost to date is approximately £2.3 million, is therefore now being reassessed.

### Prospecting ventures

In September 1970 agreements were concluded between an international consortium, led by Charter, and the Democratic Republic of the Congo providing for the formation of two exploration and development companies, Société Internationale des Mines du Congo (SIMICO) and Société Congolaise du Tenke-Fungurume (SOCOTEF). The Charter group has an interest of approximately 28 per cent in the consortium and will supervise operations. The other investors are the government of the Democratic Republic of the Congo; AMOCO Minerals Company, an affiliate of Standard Oil of Indiana; Mitsui of Japan; Bureau de Recherches Géologiques et Minières of France; and Leon Tempelman & Son Inc. of the United States.

SIMICO will be primarily concerned with the basic exploration of a large area in the Katanga copper belt. SOCOTEF will undertake proving work on a zone in the copper belt which, though geologically complex, is believed to contain substantial reserves of high grade copper ore. A major confirmatory drilling programme has already commenced in the Tenke-Fungurume area.

In Spain, prospecting activities have continued throughout the year, mainly in the north, but no mineral occurrences of economic significance have yet been identified.

Charter and Tronoh Mines, in association with a number of other international companies, are continuing their prospecting operations in offshore areas of Thailand. Activities are now concentrated on the west coast, where encouraging mineralization has been revealed.

Exploration for minerals by the joint company formed by Charter and the Iranian government organization, Industrial Development and Renovation Organisation, has identified a number of encouraging prospects which are being investigated by drilling during the current year.

Following changes in the policies of the governments of Chile and Peru for the development of mineral deposits, Charter's ventures in those countries have been terminated, and Charter's only prospecting activity in South America at the present time is the preliminary mineral survey being conducted in Brazil.

Charter's exploration activities throughout Australia are continuing with the emphasis on Western Australia, particularly the Kalgoorlie and Pilbara nickel areas. A copper showing in Fiji is also being explored. Technical responsibility for our Australian and Fiji projects rests with Anglo American Corporation (Australia) Limited.

#### North American interests

The group net income of Anglo American Corporation of Canada Limited (AMCAN), in which Charter has a 24.7 per cent interest, was C\$0.9 million in 1970 compared with C\$5.2 million for the previous year. After deducting non-recurring gains in 1969 of C\$0.6 million this is a decrease of C\$3.7 million, which was due to a combination of heavy interest charges, losses on the sale of silver bullion and on trading securities, and a fall in dividend income from Hudson Bay Mining and Smelting Co. Limited (in which AMCAN has a 28 per cent interest). Dividend income for 1970 totalled C\$3.8 million (1969: C\$4.5 million) and the loss on trading investments was C\$0.8 million compared with a profit of C\$0.7 million in 1969. In addition

to normal income, exceptional gains realized on the sale of investments amounted to C\$1 million compared with C\$7.9 million for the previous year. In spite of the marked reduction in profit, dividend payments for the year were maintained at 40 cents per share.

Hudson Bay's earnings for 1970 were sharply reduced due to higher operating costs and reduced selling prices. The results for 1971 will be seriously affected by the protracted strike at Flin Flon and Snow Lake mines, which has led to the company's making a loss in its first quarter and the consequent decision not to declare a dividend for the second quarter.

Anglo American Corporation and associated companies, including Charter, jointly hold a majority interest in Engelhard Hanovia Inc., the principal interest of which is its 44 per cent holding of the common stock of Engelhard Minerals and Chemicals Corporation.

The slowdown in many sectors of the United States economy and continuing inflation led to a decline in the domestic earnings of Engelhard Minerals in 1970. However, this was more than offset by the increase in earnings abroad, and in the circumstances consolidated net profits of US\$36.33 million in 1970 represented a satisfactory 4.6 per cent increase over the US\$34.72 million earned in 1969.

Western Decalta Petroleum Limited had a satisfactory year, with higher production and sales in response to increased demand in Canada and the United States. In addition to the production of oil and gas, the company continued its extensive programme of exploration, particularly in the North West Territories.

#### Industrial and other interests

During the year to 31 December 1970, sales by The Cape Asbestos Company, in which Charter holds 60.5 per cent of the equity, increased from £40.6 million to £45.7 million but the profit before tax was reduced from £3.2 million to £2.5 million. Capital expenditure during 1970 was £3.4 million.

Cape experienced a difficult year with manufacturing operations producing sharply reduced profit margins, principally because of higher wage and material costs which were not offset by improved productivity or by obtaining increased selling prices. Continued weakness of the building and construction market and the labour unrest in the motor industry has made it particularly difficult for the company to earn satisfactory profits in these sectors.

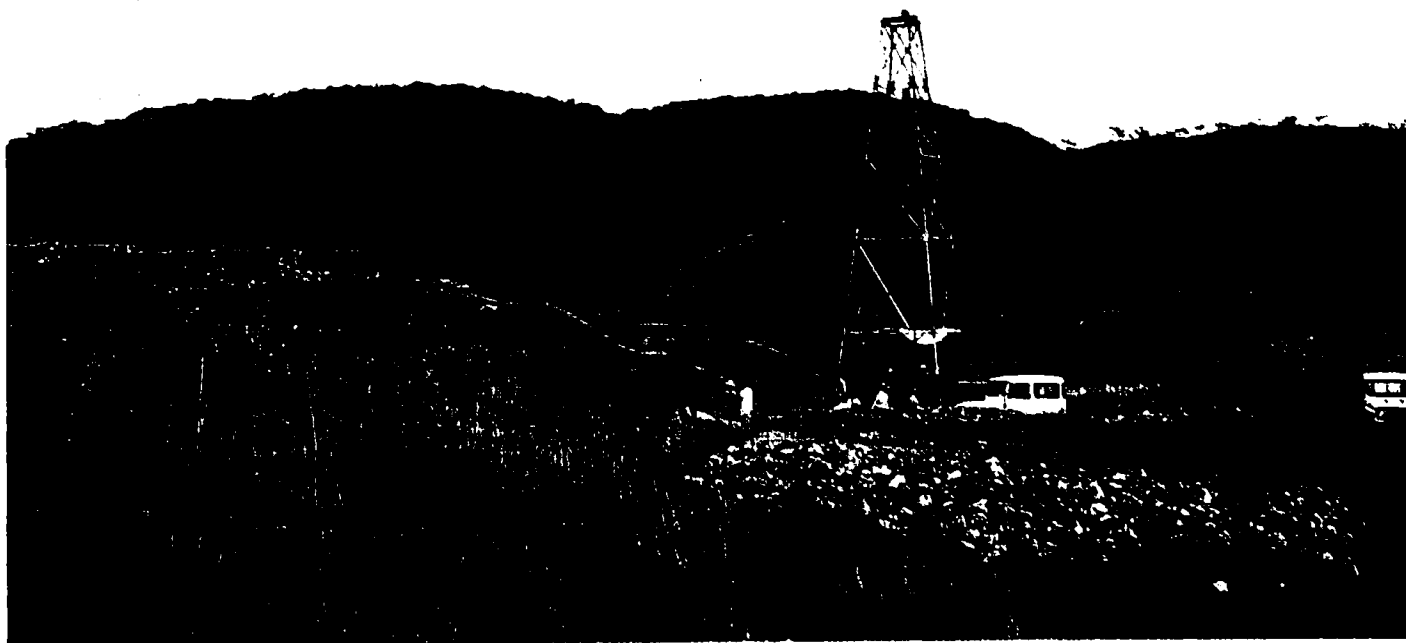
The results of Charter's wholly owned industrial subsidiaries in the United Kingdom varied during 1970. The Elastic Rail Spike group made further progress in home and export markets, while the Rathdown group, having disposed of two loss-making subsidiaries during the early months of 1970, produced a satisfactory improvement in profits. However, the Heatrac group had a poor year in which disruption caused by the removal of its main factory to new premises, the effect of inflation upon costs, and the incidence of non-recurring expenditure, combined to produce a loss. Steps to correct the position have been taken and it is expected that the group will return to profitability during 1971.

The metal sales and metal trading companies—

Anmercosa Sales Limited and The Anglo Chemical & Ore Co. Limited—once again achieved satisfactory results in spite of more difficult trading conditions which gave rise to a build-up of copper stocks and the forcing down of copper prices towards the year end. The cash copper price on the London Metal Exchange fell from £735 per metric ton at the end of March 1970 to £526 per metric ton at the end of March 1971.

International Pacific Corporation Limited, the Australian merchant bank in which Charter and N. M. Rothschild & Sons Limited have a controlling interest, had a very satisfactory year with substantial increases in profits coming from its banking and investment activities.

Drilling at a copper prospect in the Democratic Republic of the Congo where an international consortium led by Charter has started an exploration programme



# Six year financial record

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

<b>Earnings</b> (year to 31 march)	1971	1970	1969	1968
	£000s	£000s	£000s	£000s
Income from investments	14,372	10,705	9,578	8,972
Profits on sharedealing	1,104	5,343	3,041	2,253
Interest received less paid	(15)	(511)	125	1,539
Trading profit and sundry revenue	3,881	4,499	839	1,871
<i>Deduct</i> : administration and technical expenditure	1,176	1,237	1,349	1,283
Profit before taxation	18,166	18,799	12,234	11,352
<i>Deduct</i> : taxation	2,139	4,772	2,114	1,649
	16,027	14,027	10,120	9,703
<i>Deduct</i> : amount attributable to outside shareholders and pre-acquisition	556	1,029		
Group net profit	15,471	12,998	10,120	9,703
<i>Deduct</i> : dividends paid	8,381	7,422	6,522	5,222
Retained	7,090	5,576	3,598	4,481
Earnings per share	14.76p	13.13p	10.34p	9.92p
Dividends per share	8.00p	7.50p	6.66p	6.66p
<b>Net assets</b> (at 31 march)				
Investments at market value or directors' valuation	263,019	325,959	383,226	268,929
Investments at book value	139,793	138,388	141,547	123,723
Fixed assets	21,556	19,578	3,315	3,015
Net current assets	40,809	17,969	5,424	3,986
<i>Deduct</i> : minority interests, long term indebtedness, and investment grants	34,458	33,969	14,991	1,125
Total capital and reserves	167,700	141,966	135,295	129,599
<i>Add</i> : surplus of market value or directors' valuation of investments over book value	123,226	187,571	241,679	145,206
Total net assets	290,926	329,537	376,974	274,805
Net assets per share	277p	333p	385p	280p

# Report of the auditors to the members

In our opinion, based on our examination and the reports of the auditors of those subsidiary companies not audited by us, the accounts set out on pages 18 to 20 and 22 to 27 comply with the Companies Acts 1948 and 1967 and give, so far as concerns members of the holding company, a true and fair view of the state of affairs at 31 March 1971 and of the profit for the year ended on that date on the basis set out in note 1.

COOPER BROTHERS & CO.  
DELOITTE & CO.

Chartered accountants

London, 1 June 1971

1967	1966
£000s	£000s
8,218	8,717
1,619	1,200
777	1,216
834	518
<i>1,135</i>	<i>1,216</i>
10,313	10,435
<i>1,576</i>	<i>2,656</i>
8,737	7,779
—	—
8,737	7,779
<i>5,707</i>	<i>4,784(net)</i>
<u>3,030</u>	<u>2,995</u>
<u>8.93p</u>	<u>7.96p(net)</u>
<u>5.83p</u>	<u>6.66p</u>
<u>163,286</u>	<u>155,688</u>
106,111	92,326
2,664	2,030
7,177	15,163
<i>1,080</i>	<i>1,240</i>
114,872	108,279
57,175	63,362
<u>172,047</u>	<u>171,641</u>
<u>175p</u>	<u>175p</u>

# Consolidated profit and loss account for the year ended 31 march 1971

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1971		1970	
	£000s	£000s	£000s	£000s
Income from investments ( <i>note 2</i> )		14,372		10,705
Profits less losses on realization of investments by dealing subsidiaries, including provision against loans no longer required, less amounts written off and underwriting commission ( <i>note 3</i> )		1,104		5,343
Interest received		2,036		1,358
Trading profit and sundry revenue ( <i>note 4</i> )		3,881		4,499
		<u>21,393</u>		<u>21,905</u>
<i>Deduct:</i>				
Administration and technical expenditure ( <i>note 4</i> )	982		1,061	
Directors' emoluments ( <i>note 6</i> )	122		126	
Interest paid ( <i>note 5</i> )	2,051		1,869	
Auditors' remuneration (parent company £3,000: 1970—£2,100)	72		60	
		<u>3,227</u>		<u>3,106</u>
<b>Profit before taxation</b>		18,166		18,799
Taxation ( <i>note 7</i> )		2,139		4,772
<b>Profit after taxation</b>		<u>16,027</u>		<u>14,027</u>
<i>Deduct:</i>				
Interest of outside shareholders in profits of subsidiaries	556		571	
Pre-acquisition profits of subsidiaries	—		458	
		<u>556</u>		<u>1,029</u>
<b>Net profit attributable to Charter Consolidated Limited</b>		15,471		12,998
Interim dividend of 2½p per share (1970—2½p per share) paid 18 December 1970	2,619		2,474	
Proposed final dividend of 5½p per share (1970—5p per share) payable on or about 14 July 1971	5,762		4,948	
		<u>8,381</u>		<u>7,422</u>
		7,090		5,576
Transfer to investment and exploration reserve in subsidiaries ( <i>note 15</i> )		2,000		1,500
<b>Unappropriated profit for the year (<i>note 15</i>)</b>		<u>5,090</u>		<u>4,076</u>

For notes on the accounts see pages 22 to 27

# Consolidated balance sheet

## 31 march 1971

CHARTER CONSOLIDATED LIMITED AND ITS SUBSIDIARY COMPANIES

	1971		1970	
	£000s	£000s	£000s	£000s
<b>Fixed assets</b> (note 9)		21,556		19,578
<b>Investments</b> (note 10)		139,793		138,388
<b>Current assets</b>				
Stocks and work in progress (note 11)	11,065		9,953	
Debtors	23,349		17,249	
Short term loans and deposits	28,854		14,583	
Bank and cash balances	2,266		2,208	
	<u>65,534</u>		<u>43,993</u>	
<b>Current liabilities</b>				
Associated companies' and other deposit accounts	2,635		2,760	
Unclaimed dividends	74		42	
Bank overdrafts	2,561		1,134	
Creditors	10,380		10,763	
Taxation (including United Kingdom corporation tax due 1 January 1972 £1,359,000: 1970—£3,266,000)	3,313		6,377	
Proposed final dividend	5,762		4,948	
	<u>24,725</u>		<u>26,024</u>	
<b>Net Current Assets</b>		40,809		17,969
<b>Total Net Assets</b>		<u>202,158</u>		<u>175,935</u>
<b>Financed by:</b>				
<b>Issued capital</b> (note 12)		26,194		24,738
<b>Capital reserves</b> (note 15)		64,614		47,916
<b>Revenue reserves</b> (note 15)		76,892		69,312
<b>Total Capital and Reserves</b>		<u>167,700</u>		<u>141,966</u>
<b>Investment grants</b> (note 9)		1,594		1,386
<b>Minority interest</b>		7,722		7,327
<b>Long term indebtedness</b> (note 13)		25,142		25,256
		<u>202,158</u>		<u>175,935</u>

S. SPIRO }  
PHILIP OPPENHEIMER } *Directors*

S. W. PARKS *Chief accountant*

For notes on the accounts see pages 22 to 27

# Balance sheet

## 31 march 1971

CHARTER CONSOLIDATED LIMITED

	1971		1970	
	£000s	£000s	£000s	£000s
<b>Subsidiary companies</b>				
Shares at cost	93,779		85,313	
<i>Add:</i> amounts due from subsidiaries	38,691		24,795	
	<hr/>		<hr/>	
	132,470		110,108	
<i>Deduct:</i> amounts due to subsidiaries	77,661		72,316	
	<hr/>	54,809	<hr/>	37,792
<b>Current assets</b>				
Debtors	85		—	
Short term loans	450		200	
Bank balances	16		9	
	<hr/>	551	<hr/>	209
		55,360		38,001
		<hr/>		<hr/>
<b>Financed by:</b>				
<b>Issued capital</b> (note 12)		26,194		24,738
<b>Share premium</b> (note 15)		18,529		3,269
<b>Revenue reserves</b>				
Investment and exploration reserve	2,204		2,207	
Unappropriated profits (note 15)	90		141	
	<hr/>	2,294	<hr/>	2,348
<b>Total Capital and Reserves</b>		47,017		30,355
<b>Long term indebtedness</b> (note 13)		2,463		2,634
<b>Current liabilities</b>				
Unclaimed dividends	46		20	
Creditors	72		44	
Proposed final dividend	5,762		4,948	
	<hr/>	5,880	<hr/>	5,012
		55,360		38,001
		<hr/>		<hr/>

S. SPIRO }  
 PHILIP OPPENHEIMER } *Directors*  
 S. W. PARKS } *Chief accountant*

For notes on the accounts see pages 22 to 27

# ● Analysis of assets and investment income

## Geographical analysis

	ASSETS		PER CENT OF ASSETS		PER CENT OF INVESTMENT INCOME	
	1971 £000s	1970 £000s	1971	1970	1971	1970
United Kingdom	76,840	70,438	23.6	19.4	12.1	14.2
Continental Europe	12,494	11,696	3.8	3.2	3.9	1.6
North America	58,099	73,780	17.9	20.3	7.1	11.5
South Africa	107,869	128,792	33.2	35.4	29.5	39.8
Zambia	16,861	19,927	5.1	5.5	39.4	23.8
Rest of Africa	11,629	12,204	3.6	3.4	3.1	3.5
Malaysia	2,808	2,968	0.9	0.8	0.8	1.4
Australia	38,784	43,701	11.9	12.0	4.1	4.2
	<u>325,384</u>	<u>363,506</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

## Investment category

	ASSETS		PER CENT OF ASSETS		PER CENT OF INVESTMENT INCOME	
	1971 £000s	1970 £000s	1971	1970	1971	1970
Mining—Finance	154,471	194,738	47.5	53.6	31.2	37.8
Diamonds	9,983	11,773	3.1	3.2	2.7	3.5
Gold	7,498	6,844	2.3	1.9	5.2	7.3
Tin	6,053	6,411	1.8	1.8	2.3	2.1
Copper and other minerals	21,439	23,006	6.6	6.3	38.3	23.8
Industrial, commercial, oil, etc.	60,923	80,521	18.7	22.2	18.7	21.9
Long term loans	2,652	2,666	0.8	0.7	1.6	3.6
	<u>263,019</u>	<u>325,959</u>	<u>80.8</u>	<u>89.7</u>	<u>100.0</u>	<u>100.0</u>
Fixed assets	21,556	19,578	6.6	5.4		
Net current assets	40,809	17,969	12.6	4.9		
	<u>325,384</u>	<u>363,506</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

### Notes:

1. The analysis of assets (geographical and by category) is based on the stock exchange value of quoted investments and the directors' valuation of unquoted investments at 31 March.

2. The geographical analysis takes into consideration direct interests and where possible major indirect interests in the areas concerned and is therefore only approximate.

# Notes on the accounts

## 31 march 1971

### 1. Basis of consolidation and effect of changes in the composition of the group

- (a) The results of subsidiaries acquired during the year have been included in the consolidated profit and loss account from their effective dates of acquisition.
- (b) In order to facilitate administration, the financial years of The Cape Asbestos Company Limited and its subsidiaries and those of the other group manufacturing subsidiaries terminate on 31 December.

### 2. Income from investments

- (a) Includes franked investment income of £3,564,000 (1970—£3,365,000)

(b) Arises from:	1971	1970
	£000s	£000s
Quoted investments	11,708	8,832
Unquoted investments	2,664	1,873
	<u>14,372</u>	<u>10,705</u>

- (i) Dividends from overseas investments are included at the gross amount declared except for dividends from Malaysian and Zambian companies which have been included after deduction of taxation levied in those countries.
- (ii) Dividends received from Zambian Anglo American Limited show an increase of £2,831,000 over the previous year. This increase must be regarded as exceptional.

### 3. Dealing profits

Profits less losses on realization of investments by dealing companies includes profits £698,000 (1970—£3,247,000) on the realization of investments transferred from holding companies at book value. Prior to 1970 such profits were transferred to capital reserve.

### 4. Trading profit and sundry revenue

(i) The turnover of the manufacturing subsidiaries amounted to £52,526,000 (1970—£46,606,000) based on the invoiced value of goods sold	1971 £000s	1970 £000s
(ii) Investment grants credited in these accounts	<u>195</u>	<u>135</u>
(iii) Depreciation of fixed assets charged in these accounts (including amount set aside for increased cost of plant replacement — nil (1970—£15,000))	<u>2,282</u>	<u>2,030</u>
(iv) Rents paid in respect of hire of plant, machinery, and equipment charged in these accounts	<u>215</u>	<u>130</u>
(v) Rents received	<u>147</u>	<u>161</u>
(vi) Administration and technical expenditure <i>Deduct: recovered from companies outside the group</i>	<u>4,430</u> <u>3,448</u>	<u>3,731</u> <u>2,680</u>
	<u>982</u>	<u>1,051</u>

<b>5. Interest paid on borrowings by the group</b>	1971 £000s	1970 £000s
Loans repayable after more than five years	1,517	1,493
Loans repayable within five years	105	202
Amounts deposited with the group	236	166
Bank overdrafts	193	8
	<u>2,051</u>	<u>1,869</u>

<b>6. Directors' emoluments</b>	1971 £	1970 £
Directors of the parent company		
Fees	24,000	25,000
Salaries and other remuneration including pension contributions	139,000	144,000
Pensions etc. to former directors	7,000	3,000
	<u>170,000</u>	<u>172,000</u>
<i>Deduct: fees received from other companies and refunded to the group</i>	48,000	46,000
	<u>122,000</u>	<u>126,000</u>
Amounts paid to directors		
Chairman: The Hon. H. V. Smith (excluding £1,560 as a director)	18,838	25,126
Mr S. Spiro (excluding £15,114 as a director)	5,038	—
Highest paid director	<u>21,093</u>	<u>25,126</u>
Others:		
£17,501–£20,000	—	1
£15,001–£17,500	—	2
£12,501–£15,000	2	2
£10,001–£12,500	3	2
£5,001 – £7,500	—	1
£2,501 – £5,000	—	2
up to £2,500	12	14
Fees waived by 9 directors amounted to £33,000 (1970—12 directors £28,000)		

<b>7. Taxation</b>	1971 £000s	1970 £000s
On profit for the year		
United Kingdom corporation tax at 40 per cent (1970—45 per cent)	6,442	7,267
<i>Deduct: double taxation relief</i>	5,065	3,330
	<u>1,377</u>	<u>3,937</u>
Overseas taxation	1,087	1,050
	<u>2,464</u>	<u>4,987</u>
<i>Add: adjustments in respect of previous year</i>	—	30
	<u>2,464</u>	<u>5,017</u>
<i>Deduct: estimated overspill relief</i>	325	245
	<u>2,139</u>	<u>4,772</u>

Note:  
In the event of certain overseas subsidiaries distributing reserves or profits, additional liability to United Kingdom taxation would arise.

## 8. Remuneration of employees of the group

The number of employees, other than directors of the parent company, whose total emoluments receivable from the company and its subsidiaries exceeded £10,000 were:  
 Exceeding £10,000 but not exceeding £12,500, 8 employees (1970—7 employees)  
 Exceeding £12,500 but not exceeding £15,000, 2 employees (1970—none)

## 9. Fixed assets

	FREEHOLD PROPERTY	LONG LEASEHOLD PROPERTY	SHORT LEASEHOLD PROPERTY	PLANT, FURNITURE AND FITTINGS	MINING RIGHTS	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Cost at 31 March 1970	9,050	2,176	1,821	22,752	1,555	37,354
Additions at cost	589	268	125	3,658	143	4,783
Disposals	(346)	(3)	(33)	(908)	—	(1,290)
Re-allocations	(273)	(3)	3	273	—	—
Balance at 31 March 1971	<u>9,020</u>	<u>2,438</u>	<u>1,916</u>	<u>25,775</u>	<u>1,698</u>	<u>40,847</u>
Depreciation						
At 31 March 1970 on assets at cost	3,010	295	1,134	13,337	—	17,776
Charge to profit and loss account	236	69	87	1,890	—	2,282
On disposals	(130)	(1)	(7)	(629)	—	(767)
Balance at 31 March 1971	<u>3,116</u>	<u>363</u>	<u>1,214</u>	<u>14,598</u>	<u>—</u>	<u>19,291</u>
Net book value						
At 31 March 1971	<u>5,904</u>	<u>2,075</u>	<u>702</u>	<u>11,177</u>	<u>1,698</u>	<u>21,556</u>
At 31 March 1970	<u>6,040</u>	<u>1,881</u>	<u>687</u>	<u>9,415</u>	<u>1,555</u>	<u>19,578</u>

### NOTES:

- (i) Freehold land and buildings are included on the following basis:—

	£000s
At cost	8,039
At valuation in 1960	696
At valuation in 1966	285
	<u>9,020</u>

No depreciation has been provided on freehold land. Included is an amount of £427,000 relating to land and factory premises acquired by the Belgian subsidiaries and financed by secured loans (*see note 13*). The legal title to the factory premises does not vest in the companies concerned until the final instalments on the loans have been paid.

- (ii) Mining rights are included on the following bases:—

	£000s
At cost	451
At valuation in 1948	1,247
	<u>1,698</u>

No amortisation has been provided on the mining rights in South Africa as the directors are of the opinion that the present value exceeds book value.

- (iii) Investment grants in respect of each year's capital expenditure are credited to profit and loss account over a period of ten years, the estimated average life of the relevant fixed assets. Grants shown in the consolidated balance sheet represent total grants to date less the amount credited to profits.
- (iv) Commitments for capital expenditure of subsidiaries amount to £857,000 (1970—£1,298,000). Investment grants £36,000 (1970—£120,000).
- (v) Estimated capital expenditure of subsidiaries authorized but not committed amounts to £1,306,000 (1970—£1,113,000). Investment grants nil (1970—£162,000).

**10. Investments**

	AT COST, LESS AMOUNTS WRITTEN OFF		MARKET VALUE OR DIRECTORS' VALUATION	
	1971 £000s	1970 £000s	1971 £000s	1970 £000s
GENERAL				
Quoted in Great Britain	57,249	57,383	151,177	187,365
Quoted outside Great Britain	11,484	16,215	13,363	21,245
	<u>68,733</u>	<u>73,598</u>	<u>164,540</u>	<u>208,610</u>
Unquoted	26,047	28,137	32,094	33,373
	<u>94,780</u>	<u>101,735</u>	<u>196,634</u>	<u>241,983</u>
ASSOCIATED COMPANIES				
Quoted in Great Britain	23,462	15,398	39,683	58,504
Quoted outside Great Britain	4,118	3,840	8,102	6,708
	<u>27,580</u>	<u>19,238</u>	<u>47,785</u>	<u>65,212</u>
Unquoted	8,738	8,671	10,612	9,974
	<u>36,318</u>	<u>27,909</u>	<u>58,397</u>	<u>75,186</u>
Advances	8,695	8,744	7,988	8,790
	<u>45,013</u>	<u>36,653</u>	<u>66,385</u>	<u>83,976</u>
TOTAL INVESTMENTS				
Quoted in Great Britain	80,711	72,781	190,860	245,869
Quoted outside Great Britain	15,602	20,055	21,465	27,953
	<u>96,313</u>	<u>92,836</u>	<u>212,325</u>	<u>273,822</u>
Unquoted, including advances	43,480	45,552	50,694	52,137
	<u>139,793</u>	<u>138,388</u>	<u>263,019</u>	<u>325,959</u>

## NOTES:

- (i) In the case of quoted South African securities London stock exchange prices have been taken where the securities are held in the United Kingdom, and Johannesburg stock exchange prices where the securities are held in South Africa.
- (ii) Included in unquoted investments are shares in Anglo American Corporation Rhodesia Limited. The book value and directors' valuation at 31 March 1971 both amount to £2,988,542. Any disposal of these shares would require consent under existing exchange control regulations and no income can be remitted to the company from Rhodesia.
- (iii) Commitments and guarantees by the company in respect of subscriptions for shares and loan facilities amount to £10,049,000 (1970—£14,671,000).
- (iv) A subsidiary company has entered into contracts for exploration expenditure to be incurred after 31 March 1971.
- (v) The greater part of the investments is of a permanent nature, but in the event of their realization at the current market values there would be a corporation tax liability on the resultant profit based approximately on the surplus of market values over book cost.
- (vi) The market value of investments includes 75 per cent (1970—75 per cent) of the investment currency premium where applicable, which amounts to £786,000 (1970—£1,986,000).

**11. Stocks**

Stocks and work in progress have been valued at the lowest of cost, net realizable value, and replacement price, on bases consistent with those adopted in previous years.

**12. Share capital**

	1971 £	1970 £
Authorized: 120,000,000 shares of 25p each	30,000,000	30,000,000
Issued fully paid:		
At 31 March 1970	98,952,955 shares of 25p each, fully paid	24,738,239
Issued during year as detailed on page 5 of the report of the directors	5,813,621	1,453,405
	<u>104,766,576</u>	<u>26,191,644</u>
Issued partly paid:		
Issued during year as detailed on page 5 of the report of the directors	275,900 shares of 25p each, 1p paid up	2,759
At 31 March 1971	<u>26,194,403</u>	
Under the share incentive scheme there remain 2,692,688 shares for issue partly paid, to senior employees at the discretion of the directors.		

**13. Long term indebtedness**

Details of loans repayable over a longer period than five years	1971 £000s	1970 £000s
Debenture stocks (secured) issued by		
(i) Charter Consolidated Investments Limited		
4½ per cent first debenture stock 1978/83	500	500
4 per cent second debenture stock 1978/83	500	500
(ii) The Cape Asbestos Company Limited		
7¾ per cent debenture stock 1986/89	2,000	2,000
6½ per cent debenture stock 1986/89	600	600
Unsecured loan stocks issued by		
(i) The company		
5 per cent convertible loan stock 1984	2,463	2,634
(ii) The Cape Asbestos Company Limited		
7½ per cent loan stock 1986/91	3,459	3,459
(iii) Swaziland Collieries Limited		
9½ per cent registered convertible notes of R240,000 1972/81	140	—
Bonds issued by Charter Consolidated Overseas N.V.		
6½ per cent unsecured bonds of DM120,000,000 1968/83	14,873	14,873
Belgian long term loans		
Secured, repayable by annual instalments over 12 years	341	370
Unsecured, repayable by annual instalments over 6 years	266	320
	<u>25,142</u>	<u>25,256</u>

## NOTES:

- (i) The company's 5 per cent convertible loan stock 1984 carries the following conversion rights:

Year of conversion	Number of shares per £100 stock
1970—74	25
1975—79	24
1980—84	23

- (ii) The registered holders of the Swaziland notes issued during the year have the right during March and September in any year from 1972 to 31 March 1981, inclusive, to surrender the notes for conversion into shares on the basis of one Swaziland share for every R2 of nominal value so surrendered.

- (iii) The DM120,000,000 6½ per cent unsecured bonds 1968/83 are quoted on the Frankfurt stock exchange.

The company has guaranteed the bonds as regards both repayment of principal, including premium if any, and payment of interest.

- (iv) The Belgian subsidiaries pay interest at rates determined half yearly by the Belgian authorities, currently 2 per cent per annum on the secured loans and 2.35 per cent per annum on the unsecured loans.

**14. Contingent liabilities**

	1971	1970
	£000s	£000s
For amounts not called on investments	320	315
In respect of guarantees (company £3,272,000: 1970—£1,176,000)	4,314	1,960
In respect of underwriting participations	38	91
Bills receivable and a hire purchase agreement discounted	155	138
	<u>4,827</u>	<u>2,504</u>

The company has given guarantees in connection with future loans by third parties to Société Minière de Mauritanie

**15. Movements on reserves**

	SHARE PREMIUM ACCOUNT GROUP	OTHER CAPITAL RESERVES GROUP	INVESTMENT AND EXPLORA- TION RESERVE GROUP	UNAPPROPRIATED PROFITS GROUP	COMPANY
	£000s	£000s	£000s	£000s	£000s
Balances at 31 March 1970	15,265	32,651	12,947	56,365	141
<i>Add:</i>					
Appropriated from profits			2,000	5,090	(51)
Premium on shares issued by the company	15,259				
Surplus realized on sales of investments by holding companies, less United Kingdom tax thereon and amount written off		775			
Prior year United Kingdom tax adjustments			448	440	
Recovery of amounts previously written off			626		
Exchange adjustments		506		90	
Sundry surpluses and adjustments		158		(235)	
	<u>30,524</u>	<u>34,090</u>	<u>16,021</u>	<u>61,750</u>	<u>90</u>
<i>Deduct:</i>					
Amounts written off unquoted investments			46		
Investments in exploration companies and exploration expenditure written off (Company £3,000)			833		
	<u>30,524</u>	<u>34,090</u>	<u>15,142</u>	<u>61,750</u>	<u>90</u>
Balances at 31 March 1971	<u>64,614</u>		<u>76,892</u>		<u>90</u>

**16. Currency conversion**

Assets and liabilities in commonwealth and foreign currencies have been converted into sterling at the rates of exchange ruling at the dates of the respective balance sheets.

**17. Exchange control**

The transfer of assets held by the group in Rhodesia and in the Republic of South Africa would be subject to restriction under exchange control regulations.

**18. Subsidiary companies and principal investments**

A list of the major subsidiary companies, associated companies and interests of ten per cent or more in other companies, and other principal investments are included on pages 8 to 10.

# Other information

## Directors' interests

The following are the interests of the directors of the company who held office on 31 March 1971, as notified to the company in terms of the Companies Act 1967:

DIRECTORS	INTEREST IN FULLY PAID SHARES OF 25p EACH OF THE COMPANY	
	1 April 1970	31 March 1971
Sir Keith Acutt	100	100
Comte T. de Fenille de Chauvin	574	574
A. Chester Beatty	287	287
J. E. H. Collins	100	100
R. H. Dent	500	1,155
H. R. Fraser	100	100
J. O. Hambro	2,876	2,876
N. K. Kinkead-Weekes	100	100
J. B. Mudd	100	100
H. F. Oppenheimer	5,000,100*	5,000,100*
Sir Philip Oppenheimer	9,798	9,798
B. W. Pain	100	100
J. G. Richardson	100	100
E. R. A. de Rothschild	156,293	1,000
The Hon. H. V. Smith	1,200	1,200
S. Spiro	100	100
L. G. Stopford Sackville	4,750	4,750
T. P. Stratten	1,200	1,200
W. D. Wilson	100	100

## ALTERNATE DIRECTORS

R. J. Armitage	nil	nil
P. C. D. Burnell	nil	nil
M. W. B. Heald	(appointed 1 June 1970—nil)	nil
R. H. MacWilliam	1,500	1,500
A. E. Oppenheimer	nil	nil
A. W. Owston	nil	nil
R. V. Pritchard	nil	nil

\*Of which 1,000,000 being shares held by a trust created, as notified pursuant to section 28(5) of the Companies Act 1967.

Of these directors and alternate directors, the following had interests in the partly paid shares of the company and the ordinary shares of The Cape Asbestos Company Limited, a subsidiary of the company:

DIRECTORS	INTEREST IN PARTLY PAID SHARES OF 25p EACH OF THE COMPANY	
	1 April 1970	31 March 1971
N. K. Kinkead-Weekes	nil	12,500
B. W. Pain	nil	12,500
J. G. Richardson	nil	10,000
L. G. Stopford Sackville	nil	10,000

ALTERNATE DIRECTORS		
R. J. Armitage	nil	7,500
P. C. D. Burnell	nil	7,500
M. W. B. Heald	(appointed 1 June 1970—nil)	5,000
A. W. Owston	nil	6,000
R. V. Pritchard	nil	5,000

These partly paid shares were issued under the share incentive scheme approved by members and loan stockholders in July 1960. The scheme provides for the issue of partly paid shares, at discretion of the board of directors, for subscription by senior employees (including Executive directors of Charter) of Charter Consolidated Services Limited.

	INTEREST IN ORDINARY SHARES OF 25p EACH OF THE CAPE ASBESTOS COMPANY LIMITED	
	1 April 1970	31 March 1971
P. C. D. Burnell	nil	800
R. H. Dent	2,100	2,100
H. R. Fraser	800	nil

	1 April 1970	31 March 1971
S. Spiro	800	800
L. G. Stopford Sackville	800	800

Mr R. H. Dent also had an interest at 1 April 1970 in £2,142 of the company's 5 per cent convertible unsecured loan stock 1984.

No director or alternate director had any other interest notified to the company in terms of the Companies Act 1967.

## Taxation

### (i) Capital gains tax

The market price of the company's shares on 6 April 1965 was Registered shares 98.75p.

Shares represented by renounceable letters of allotment 100p.

Share warrants to bearer 100p.

(ii) The company is not a close company within the provisions of the Income and Corporation Taxes Act 1970.

## Turnover

The following is the proportion of the turnover shown in note 4 and the amount of profit attributable to each different class of business undertaken by the group's manufacturing subsidiaries.

	Proportion of turnover	Contribution to group trading profit before taxation
	%	£000s
Building and construction industry materials	32.2	332
Automotive friction materials	29.0	711
General engineering and shipbuilding materials	9.4	345
Asbestos fibre	16.3	1,755
Railway track fastenings, mine roof bolts, galvanizing, etc.	3.8	359
Heaters and heating equipment	6.4	(16)
Components (mainly for the television and telecommunications industries)	2.9	177
	<u>100.0</u>	<u>3,663</u>

## Geographical analysis of turnover

	£000s
United Kingdom	35,252
Continental Europe	8,313
North and South America	2,887
Africa and Middle East	3,334
Australasia and Far East	2,740
	<u>52,526</u>

## Exports

The aggregate value of goods exported by the group's United Kingdom manufacturing subsidiaries during the year totalled £5,759,000.

## Number and remuneration of employees

The average number of employees per week of the company and its subsidiaries working wholly or mainly in the United Kingdom was 9,574 during the year.

The aggregate amount of the remuneration paid to employees working wholly or mainly in the United Kingdom during the year was £13,580,000.

**Procedure for holders of share warrants to bearer to attend a general meeting**

Holders of share warrants to bearer wishing to attend as members at a general meeting must deposit their share warrants at least three clear normal business days before the meeting at:—

- (i) the transfer office of the company, Kent House, Station Road, Ashford, Kent, or
- (ii) at the offices of Credit Lyonnais, 19 boulevard des Italiens, Paris 2e, or Banque Rothschild, 21 rue Laffitte, Paris 9e.

The directors may accept in lieu of the deposit of a share warrant a certificate from an authorized depository or other approved person to the effect that the share warrant has been deposited with him. The authorized depository or approved person must give an undertaking not to surrender the share warrant to the depositor except against return of the certificate of deposit and the undertaking.

The company will deliver to the person depositing a share warrant, or certificate of deposit and an undertaking, an admission card stating his name, address, and the number of shares represented by the relative warrant to enable him to attend and vote in person or by proxy at a meeting.

*\*Forms are available from any of the above mentioned offices.*

COPIES OF THE CONDITIONS GOVERNING SHARE WARRANTS TO BEARER ARE AVAILABLE FROM THE REGISTERED AND TRANSFER OFFICES OF THE COMPANY AND FROM THE OFFICES OF CREDIT LYONNAIS, 19 BOULEVARD DES ITALIENS, PARIS 2e, AND BANQUE ROTHSCHILD, 21 RUE LAFFITTE, PARIS 9e.

**Procédure permettant aux détenteurs de certificats d'actions au porteur d'assister à une assemblée générale**

Les détenteurs de certificats d'actions au porteur désirant assister en leur qualité de membre à une assemblée générale, sont tenus de déposer leurs certificats d'actions trois jours ouvrables francs au moins avant la date de l'assemblée.

- (1) Au bureau des transferts de la société, Kent House, Station Road, Ashford, Kent, ou
- (2) Au Crédit Lyonnais, 19 boulevard des Italiens, Paris 2e, ou chez Banque Rothschild, 21 rue Laffitte, Paris 9e.

Les administrateurs acceptent qu'à la place du certificat d'actions soit déposé une attestation délivrée par un "dépositaire autorisé" ou par toute autre personne déclarant avoir reçu le dépôt du certificat d'actions. Le dépositaire autorisé ou la personne habilitée doit s'engager à ne remettre le certificat d'actions au déposant que contre remise de l'attestation de dépôt et d'engagement.

La société remettra au déposant d'un certificat d'actions ou d'une attestation de dépôt et d'engagement une carte d'admission portant son nom et adresse de même que le nombre d'actions représenté par le certificat correspondant. Cette carte lui permettra, de ce fait, d'assister et de voter en personne ou par mandataire à une assemblée générale.

*\*Des formulaires peuvent être obtenus auprès des bureaux indiqués ci-dessus.*

MM. LES ACTIONNAIRES PEUVENT SE PROCURER DES EXEMPLAIRES DES CONDITIONS GOVERNANT LES CERTIFICATS D' ACTIONS AU PORTEUR EN S'ADRESSANT: SOIT AU BUREAU DES TRANSFERTS DE LA SOCIÉTÉ; SOIT AU CRÉDIT LYONNAIS, 19 BOULEVARD DES ITALIENS, PARIS 2e; SOIT CHEZ BANQUE ROTHSCHILD, 21 RUE LAFFITTE, PARIS 9e.

MM. les actionnaires sont informés qu'ils peuvent se procurer un exemplaire en français de ce rapport en s'adressant soit au Secrétaire.

**CHARTER CONSOLIDATED LIMITED**  
40 Holborn Viaduct London EC1P 1AJ

soit à

**CHARTER FRANCE**

9 rue de Vienna Paris 8e

soit au

**CREDIT LYONNAIS**

19 boulevard des Italiens Paris 2e

soit chez

**BANQUE ROTHSCHILD**

21 rue Laffitte Paris 9e

